

of his contention that leveraging strategies are plausible in circumstances similar to those that currently prevail in telecommunications markets, and he contended that if BellSouth were allowed to reintegrate into in-region interLATA markets, circumstances similar to anticompetitive behavior in the past would rise again. Furthermore, Dr. Kaserman argued, regulatory mechanisms such as price caps and imputation tests cannot prevent leveraging.

In addition to the emergence of incentives for monopoly leveraging, according to Dr. Kaserman, the likely consequences of BellSouth entry into the interLATA market at this time are the perversion of the normal desire to displace rivals and the erosion rather than the promotion of competition in both the interLATA market and the local exchange market. He noted that divestiture removed the incentive for RBOC to engage in monopoly leveraging behavior with respect to the interLATA market, which greatly aided the emergence of healthy competition in that market, but that RBOCs have subsequently engaged in practices designed to forestall competition in areas where it has had the potential to develop.

Dr. Kaserman stated that because of consumer preferences for bundled service offerings, IXC entry into local exchange markets will greatly intensify incentives for RBOCs to reenter long distance and to facilitate whatever level of competition is required under Section 271 to permit their own reintegration. But, he contended, if RBOC long distance entry is allowed to proceed without sufficient entry into local exchange markets, their incentive to facilitate competition is lost and their incentive to maintain their monopoly positions is heightened. He also stated that to the extent bundling can benefit customers, its full benefit can only be realized if interexchange carriers are able to offer bundled service as rapidly as possible and RBOCs are prohibited from doing so until local markets are effectively competitive. According to Dr. Kaserman, if the ILEC becomes a long distance provider while maintaining its monopoly status, it automatically becomes the monopoly provider of the bundled service and, to the extent it can, extracts a substantial portion of bundle-created benefits from consumers, while the IXCs are not monopolies in any market. Thus, IXC entry into the local market will assure that consumers receive the full benefits created by offering bundled services.

With regard to the WEFA analysis, Dr. Kaserman stated that it is not a statistical study in the conventional sense but a complex simulation driven entirely by the assumptions applied. The assumptions used by BellSouth, he contended, are unrealistic, unsupported by credible evidence, and contradictory with BellSouth's own positions. Specifically, Dr. Kaserman said, the assumption that BellSouth entry will generate a 25 percent across-the-board price reduction is unsupported by any statistical evidence or theoretical analysis. Furthermore, Dr. Kaserman stated, the WEFA analysis does not address the most vital issue in the 271 process, the promotion and facilitation of local exchange market competition, because it assumes that prices and service quality in local markets are not dependent on whether BellSouth is allowed to enter the long distance market and his testimony shows that an important consequence of BellSouth entry is the elimination of incentives to cooperate in promoting local exchange competition.

Finally, Dr. Kaserman stated that regulators must put in place as soon as possible the competition-enabling policies of the Act and closely monitor the development of competition in the local exchange markets.

AT&T/MCI/CompTel/WorldCom witness Gillan testified that because BellSouth's interLATA opportunity is immediate and ubiquitous, the Commission must be absolutely convinced that local exchange markets are competitive and that the checklist is operational before BellSouth is allowed to enter the long distance market. Mr. Gillan stated that the most likely consequence of the removal of BellSouth's interLATA restriction is the reintegration of the local and long distance markets and that the combined effects of a market preference for one-stop shopping and BellSouth's full participation as a one-stop provider will have a lasting effect on the structure of the industry. Therefore, he stated, local service must become competitive or full service competition will never be a reality, and BellSouth cannot be permitted to offer interLATA long distance services unless others can just as easily offer local services and compete.

Mr. Gillan further testified that BellSouth's own economic witness, Dr. Taylor, had admitted in another proceeding that BellSouth need not offer lower prices to attract customers because it can attract them as a one-stop provider. He stated that consumers benefit only if other carriers have the ability to compete as one-stop providers with lower prices themselves, which depends on access to network elements and combinations. Mr. Gillan also stated that barriers to entry in the local market are not comparable to those that once existed in long distance.

AT&T/MCI witness Cabe testified that Section 271 of the Act generally and the competitive checklist specifically requires a determination that there is meaningful competition in the local exchange market in the area served by the BOC and that all fourteen items of the checklist have been met. Dr. Cabe stated that both the development of full and robust competition for local services and the preservation of competition for long distance services will provide benefits for end users and are contemplated by the Act. Because of differences in the two markets, however, including the level of monopoly power exercised by the ILECs and the disparity in the levels of investment needed to enter each market, the Act mandates that local competition must develop before BOC entry into the interLATA long distance market is permitted. Dr. Cabe asserted that if BellSouth is permitted to enter the interLATA market before effective competition has developed in the local market, it is likely that local competition will never develop and that long distance competition will be reduced or eliminated. He stated that until effective competition exists for local bottleneck facilities, BellSouth retains the ability to leverage monopoly control into the long distance markets, asserting that, if BellSouth were allowed to enter the interLATA market today, it could do so with little additional investment of its own, while companies seeking to enter the local markets face a very different environment. Other consequences of permitting BellSouth interLATA entry prematurely, according to Dr. Cabe, include diminishing BellSouth's motivation to cooperate with potential providers in order to resolve technical and operational issues.

In response to the IXCs' position, Dr. Taylor testified that the public interest analysis must stay rooted in the supply of in-region interLATA services. He further stated, however,

that even if it were appropriate to examine the local exchange market, the effects there of BellSouth's entry will not be negative. Dr. Taylor also stated that the Act allows interLATA entry upon compliance with the competitive checklist, and there is no requirement that actual facilities-based competition be present. Furthermore, he stated that BellSouth's entry will deliver significant benefits to long distance customers for two reasons: it will likely reduce long distance prices, and the ongoing requirements of the Act to retain in-region interLATA authority and the prospect of packaging local and long distance services will safeguard any attempt by BellSouth to act anti-competitively.

Regarding the present state of competition for interLATA service, Dr. Taylor stated that the number of long distance firms is not evidence per se of vigorous competition particularly when the majority are resellers of services provided by four facilities-based providers who account for 88 percent of presubscribed lines and over 84 percent of toll revenues. He further stated that while AT&T's market share declined from over 90 percent around divestiture to below 53 percent in 1996, most of the share lost by AT&T has been gained by MCI and Sprint, leaving little share growth for the hundreds of resellers in the industry. The real test of competition, he stated, is whether market prices move in the direction of their corresponding costs, and the trend observed in recent years of rising basic long distance rates, when viewed in the context of stagnant market shares and declining access costs, can only suggest that some form of tacit price coordination has been occurring in the market. Regarding Dr. Kaserman's argument that average rates per minute have been declining, he stated that during the period for which the ARPM was calculated discounted prices were available to less than half of North Carolina customers, that ARPM is a misleading index of price movements, and the argument does not acknowledge the significant contribution of access rate reductions to lower prices and instead attributes those lower prices to competition.

Dr. Taylor further testified that other evidence of long distance competition offered by the IXC witnesses is not credible. He stated that the relative growth of resellers is evidence that the facilities-based carriers have priced their retail services substantially above costs. Moreover, the argument that the long distance market has significant excess transmission capacity which deters any single firm from raising its prices above competitive levels is inconsistent with the kinds of price-cost margins observed in long distance market, which is a clear indicator of the price elevating property of excess capacity when used collectively. He also stated that the rapid growth of output of AT&T's competitors is not an indicator of intense competition but is determined by reduction of AT&T's market share as a result of its having erected a price umbrella over its competitors and industry growth which is fully explained by price changes and income growth. There is, he asserted, no residual growth attributable to stimulation of demand resulting from new service offerings. Furthermore, switching behavior of consumers is not necessarily an indicator of intense competition. While there are high volume customers to whom IXCs aggressively market their services, there is no indication that a substantial segment of low volume customers readily switch carriers in response to small price changes. Finally, Dr. Taylor stated that he was not persuaded that the seven structural factors cited by Dr. Kaserman support his claim that no form of tacit price coordination exists in the interLATA market.

With regard to his testimony in Louisiana, cited by Mr. Gillan, Dr. Taylor stated that it was and is that if allowed BellSouth will enter the interLATA market by offering its customers who already do business with BellSouth an opportunity to save on long distance calls. While initially BellSouth may not have to offer a high discount rate to attract long distance customers, IXCs will have to respond with price reductions, and the overall average market price reductions from these events will be about 25 percent.

With regard to the effect of BellSouth's entry on competition in the local exchange market, Dr. Taylor stated that the checklist requirements will not go away and the incentive to comply will likely become greater as the opportunity cost of not staying in compliance increases. Furthermore, he stated his belief that BellSouth would not be able to impede local competition because of ongoing regulatory oversight, structural separation requirements, and other competitive safeguards.

Dr. Taylor further stated that, contrary to the assertions of the IXC witnesses, the degree of competition in the local market is irrelevant to whether BellSouth will act anticompetitively. The theory of the Act is that interLATA entry cannot be anticompetitive when IXCs have alternatives to RBOC carrier access services for originating and terminating their traffic, and the availability of those alternatives has no necessary relationship to the degree of competition in the local exchange market. Dr. Taylor denounced the suggestion that effective competition in the local exchange market must precede interLATA entry and stated that equalization of the levels of competition is the outcome of establishing competitive parity, not its prerequisite. He rejected Dr. Kaserman's attempts to draw an analogy between BellSouth today and the vertically integrated AT&T prior to divestiture, pointing out that BellSouth today faces IXCs with enormous resources, expertise, and staying power in both local and long distance markets. With regard to the contention that sunk costs are central to the prospects for local competition, Dr. Taylor stated that while the prospect of having to incur these costs can prove daunting to potential entrants, the prediction that this will be an entry barrier can be misleading for several reasons. Furthermore, recognizing that the sunk costs of a new entrant can be prohibitive, the Act's requirements about unbundling, nondiscrimination, and resale are designed to lower those sunk costs and allow entrants to enter the market with fewer irreversible investments.

Dr. Taylor also rejected allegations that BellSouth's interLATA entry will likely result in monopoly leveraging. With regard to examples cited by Dr. Kaserman of monopoly leveraging by RBOCs in the divestiture era, Dr. Taylor stated that it is worth taking note of the remarkable lack of competitive abuses and the good performance of the many markets in which the RBOCs have competed. He also asserted that, given the requirements of the Act and the more fully developed regulatory policies in place with regard to treatment of competitors, the possibility of such disputes is more remote now.

Regarding Dr. Kaserman's assertions that BellSouth should be denied interLATA entry until there is effective competition in the local exchange market, Mr. Harralson stated that the Act contains no such standard or other competition threshold requirement. Indeed, he noted that Congress considered and rejected arguments that some market share loss

or effective or substantial competition standard should be a condition of entry and instead chose to rely on the competitive checklist and special safeguards.

In response to Mr. Gillan's arguments that entry into the local exchange market is difficult compared to entry into the long distance market, Mr. Harralson stated that the regulatory requirements for BellSouth to enter the interLATA market are unique and burdensome and there are also marketing hurdles to overcome.

Mr. Varner stated that there are two reasons why it is important for this Commission to act now in making its determination that BellSouth's interLATA entry is in the public interest. A positive response will hasten the day when consumers in North Carolina will see the benefits of increased long distance competition, and it will likely accelerate the development of local competition as well. According to Mr. Varner, the appropriate focus of this determination should be the benefits to be gained by customers in the interLATA market. Congress, he stated, determined that local competition was in the public interest and specified through Sections 251, 252, and 271 of the Act a set of criteria which, when met, would ensure that the public interest had been met in the local market. Since Congress specified no such criteria for the interLATA market, BellSouth believes the Commission should focus on the benefits customers will gain when the interLATA market is opened to additional competition. These benefits, Mr. Varner stated, will be immediate and tangible. BellSouth entry will reduce the ability of interexchange carriers to engage in lock step pricing by increasing the number of effective facilities-based competitors, the diversity of cost characteristics, the diversity of product mix, and the rate of technological change. Consumers will benefit as companies are able to use existing facilities to supply additional services. They will also benefit by being able to obtain bundled services from BellSouth and other providers. Moreover, Mr. Varner stated, allowing BellSouth to offer a full range of services to its customers will be a powerful stimulus for the IXCs to do the same by entering the local market more quickly and with greater intensity.

Mr. Varner stated that the public interest criteria set forth by the intervenors ignore the requirements of the Act and assert various principles that were debated and rejected by Congress. In the Act, Congress specifically identified what it required of BellSouth before interLATA entry could be sought: that BellSouth open its local markets to competition in accordance with specific criteria. Thus, the requirements which are the public interest criteria for the local market are identified in the Act. Not only did Congress establish appropriate standards to determine interLATA entry, it also established a prohibition against imposing additional criteria. Moreover, Congress did not specify a set of requirements for determining public interest in the long distance market. Therefore, he asserted, the focus of the public interest determination in this proceeding should be the benefits to be gained by consumers in the interLATA market.

Mr. Varner further stated that as a policy matter the Commission should not delay BellSouth's entry as proposed by the intervenors, because the public will be best served by allowing the maximum number of choices of providers for all services. As to BellSouth's incentive to continue the development of local competition once it is in the interLATA long distance business, Mr. Varner responded that BellSouth is legally obligated to comply with the requirements of the Act, particularly Sections 251 and 252, and must continue to

comply with Sections 271 and 272 after interLATA authority is granted. The Act, the FCC, and this Commission also have safeguards in place to ensure BellSouth's continued compliance with the Act, with state laws, and with state and federal regulatory requirements. Furthermore, he stated that BellSouth will continue to have two strong business incentives to cooperate in the development of local competition. It will still be heavily regulated, and if it is not cooperative, it cannot expect regulators to relax regulation until they are confident the market will discipline its behavior. In addition, BellSouth now provides unbundled network elements to CLPs as a wholesaler and as such must provide quality service to the CLPs in order to be viable in this business and generate revenues.

Mr. Varner disagreed with Mr. Gillan's assertion that the reason there is no measurable competition is that BellSouth has not implemented the tools necessary for widespread competition. He stated that BellSouth has opened its markets to competition and made all checklist items functionally available, but it cannot control every entry strategy of the CLPs or force them to avail themselves of what it is offering.

Regarding Mr. Gillan's assertion that it will be easy for BellSouth to offer long distance service because of all the industry infrastructure changes that have been made over the past fifteen years, Mr. Varner stated that many of the actions to open the long distance market were taken by the LECs and that with such experience it should be obvious that the LECs are fully capable of successfully opening the local market. He also stated that the assertion that BellSouth's entry is immediate and ubiquitous trivializes the legal and market hurdles BellSouth must overcome in order to enter. As for the cost and difficulty of entering the local market, Mr. Varner pointed out that competitors can enter as resellers and also by purchasing unbundled network elements with minimal network investment. Moreover, if a CLP decides it is feasible to construct facilities, it would only have to do so for its particular customers in specific areas, e.g., major urban areas, and can use BellSouth's network to serve other areas. In addition, they could join service with CAPs who have already constructed local networks in urban areas.

As to the assertion that there must be competition for each service in the one-stop package or competition in all markets will suffer, Mr. Varner pointed out that the IXC's can enter the local market and have one-stop shopping today, and that the joint marketing restriction applies only to carriers that serve greater than five percent of the nation's presubscribed access lines and only to the services they get under the resale provision of the Act from a BOC who has not been granted interLATA relief. Moreover, this restriction is lifted on February 8, 1999.

Mr. Varner disagreed with Dr. Kaserman's conclusion that the long distance market is already competitive and that BellSouth's entry will not benefit the public interest. He explained that BellSouth has never argued that the interLATA market is not competitive. BellSouth has said that it is an oligopoly which BellSouth's entry could break up and further benefit consumers. In addition, he stated that consumers will benefit because there will be greater incentive for CLPs to enter the local market. Allowing BellSouth to offer a full range of services will be a powerful stimulus for the IXC's to do the same. Those who were not planning to provide local service will almost certainly enter the local market in order to compete effectively for their long distance customers; those who were planning to enter will

do so more quickly; and those who have already entered will compete with greater intensity.

The Commission has carefully considered the arguments on both sides of this issue in light of our experience with bringing the benefits of competition to all telecommunications markets in North Carolina. No structural analysis has convinced us that the interLATA market is effectively competitive. Having long been frustrated by the lock step pricing of the largest carriers in this market, we believe that substantial public benefits are to be realized from the entry of a strong competitor like BellSouth. While we can appreciate BellSouth's desire that the Commission focus on the interLATA market in deciding whether its entry is in the public interest, we cannot ignore the effect of such entry on the local exchange market. We reject, however, the intervenors' contention that the local exchange market must be effectively competitive before BellSouth's interLATA entry is allowed, finding their position both legally and practically flawed. We agree with Mr. Varner that BellSouth's interLATA entry will not only bring the benefits of increased long distance competition but will accelerate the development of local exchange competition. We are satisfied that having met the requirements of the fourteen point checklist through its SGAT, BellSouth has opened its local markets to competition in compliance with the Act. We are unwilling, as a matter of policy, to wait for BellSouth – and its competitors – to do more. Indeed, we believe that unless and until BellSouth is allowed to enter the interLATA market, the effective competition may never develop in either the local or the interLATA market. In addition to our frustration over the lack of effective competition in the interLATA market, we have become increasingly disappointed by the pace of entry on the part of the many CLPs that have been certificated. If the presence of BellSouth in the long distance market will encourage the IXCs to enter the local market, and we believe it will, the public interest will clearly be served. Far outweighing any potential concerns about BellSouth's behavior once interLATA authority is granted is the very present lack of effective competition in both the local and long distance markets today. The preponderance of the evidence, both theoretical and empirical, persuades us that BellSouth's entry into the interLATA long distance market in North Carolina under conditions laid out by Congress and enforced by the FCC and this Commission is the fairest and most expedient way of bringing the benefits of competition to the State as a whole.

Based on the evidence presented, the Commission finds and concludes that the authorization of BSLD to provide interLATA service in North Carolina is consistent with the public convenience and necessity in accordance with Section 271(d)(3)(C) of the Act.

IT IS, THEREFORE, ORDERED as follows:

1. The Statement of Generally Available Terms and Conditions filed by BellSouth on August 5, 1997, be modified to provide that the price of any interconnection or unbundled network element provided under an interim rate will not be adjusted upward retroactively.

2. BellSouth's Statement of Generally Available Term and Conditions, as modified, is approved pursuant to Section 252(f) of the Act.

3. BellSouth's Statement of Generally Available Terms and Conditions, as modified, meets the requirements of the fourteen-point checklist in Section 271(c)(2)(B) of the Act.

4. The Commission finds and concludes that the authorization of BellSouth Long Distance to provide interLATA services in North Carolina is in the public interest.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_\_\_ day of \_\_\_\_\_, 1997.

NORTH CAROLINA UTILITIES COMMISSION

(SEAL)

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Geneva S. Thigpen, Chief Clerk



WNS-2

A. J. Calabrese  
 UAM Vice President  
 Southern States

May 5, 1997

FYT

Sharon



Room 10144  
 1200 Peachtree St.  
 Atlanta, GA 30309  
 404 810-4575  
 FAX: 404 810-4593

34

Mr. Mark Feidler, I  
 BellSouth Interconnection Services  
 4511 BellSouth Center  
 675 West Peachtree Street  
 Atlanta, GA 30375

Dear Mark:

As you well know, AT&T is disappointed with the outcome of the project to implement a tagged value pre-ordering solution with BellSouth. AT&T found this solution to be an attractive alternative to the BellSouth LENS system because BellSouth would provide the query responses in a format which could be useful to AT&T in eliminating manual rework. You have been forthright in your ownership of BellSouth's inability to deliver the requested interface in the needed window, so I won't belabor that issue here.

However, there are some learnings that can be gleaned from a brief history of this project. First, BellSouth provided information sporadically throughout February and March. Much of the information was verbal and was insufficient to complete our Joint Implementation Agreement. As a result of escalation, BellSouth finally committed to provide the documentation on the CGI tagged values for AT&T's use by March 20, 1997. Although BellSouth did provide information on March 20, it was incomplete. BellSouth subsequently agreed to provide the completed documentation by April 10. However, on April 8, BellSouth informed AT&T that it had redesigned the interface to the CGI server. What AT&T received on April 10 was documentation on a new design. After examining the April 10 documentation, AT&T discovered that the redesign would shift, to AT&T, much of the development that would have been done by BellSouth under the original design. As we discussed, BellSouth's failure to deliver the information as expected means AT&T will not be able to implement the interface to BellSouth's CGI server by July 1, 1997.

So what are the learnings? 1) AT&T now needs BellSouth to make a firm commitment to deliver the Pre-Order interface known as EC-Lite as soon as possible. To this end, BellSouth confirmed on 4/30/97 that it will at least meet the December 31, 1997 contract date, and further, will try to deliver by December 15, 1997. 2) We need to develop, document and update an EC-Lite

- 2 -

project plan that we can both rely upon in terms of technical specifications, capability, and timeframes. 3) We now also need to explore our options regarding the BellSouth LENS application as a potential interim solution.

I would also like to apply these learnings to the current situation relative to the "lock-down session" of BellSouth SMEs on UNE billing and call flows, and to our request to expedite the Bona Fide Request process that BellSouth demanded to accommodate a review of AT&T Digital Link trunking and billing.

AT&T needs firm commitments and project plans documented on the trunking and billing arrangements that are necessary for the AT&T Digital Link project by the May 6<sup>th</sup> date by which BellSouth has promised to make known its implementation timetable for these projects. This would be in response to the Bona Fide Request submitted by AT&T to BellSouth on 4/23/97. Exiting the BellSouth UNE-P "lock down" session, AT&T would expect a documented project description with timelines that spell out BellSouth's UNE-P billing and call flow responses to AT&T's implementation request.

Joint development teams are currently working on these projects, and these joint development teams must make it a priority to achieve these initiatives. Please confirm the BellSouth team members who will be responsible for each joint development (EC Lite, UNE ordering and billing, and AT&T Digital Link requirements), no later than May 8, 1997, with a "principal" and contact number for each project.

As you know, we discussed these items at our joint team meeting on 4/30/97. I will have Pam Nelson work with Quinton Sanders to document our business to business agreements that were developed or confirmed at that meeting.

Sincerely,



A. J. Calabrese

cc: Quinton Sanders  
Pam Nelson

WNS-3

Page 3333

BEFORE THE GEORGIA PUBLIC SERVICE COMMISSION

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In the Matter of:

CONSIDERATION OF BELLSOUTH  
TELECOMMUNICATIONS, INC.'S SERVICES  
PURSUANT TO SECTION 271 OF THE  
TELECOMMUNICATIONS ACT OF 1996  
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:  
:  
:  
Docket No. 6863-U  
:  
:  
:

Room 177  
244 Washington Street  
Atlanta, Georgia

Monday, July 14, 1997

The above-entitled matter came on for hearing  
pursuant to adjournment at 10:00 a.m.

BEFORE:

ROBERT BAKER, Vice Chairman  
MAC BARBER, Commissioner  
DAVID BAKER, Commissioner  
ROBERT DURDEN, Commissioner

\* \* \*

Brandenburg & Mastey  
231 Fairview Road  
Ellenwood, Georgia 30049

Page 3461

1 changed substantially since that specification was released?

2 A LENS has changed somewhat. I don't know if I can  
3 agree with the characterization of substantially. But the  
4 specification can be updated to reflect the changes in LENS.

5 Q Has the specification been updated?

6 A No, I don't believe so. As I said earlier, I  
7 don't think that there's been -- there's been nobody who has  
8 been asking us to undertake this development work.  
9 Certainly if ~~that~~ that development work were to be undertaken, we  
10 would make sure that this document conformed with exactly  
11 what is in LENS today.

12 This is intended to show that the capability is  
13 available and that there is an accepted method for  
14 developing a program that negotiates the movement of data  
15 between a server, such as the LENS server, and an  
16 independent computer application.

17 CHAIRMAN WISE: What would be the purpose of  
18 updating and changing the specs anyway?

19 THE WITNESS: Well, there isn't any now because  
20 with AT&T developing their customized interface with us and  
21 with nobody else coming forward to say that they want to do  
22 this, it would frankly be a waste of time right now to try  
23 to keep this updated.

24 CHAIRMAN WISE: Were you responding to CLECs at  
25 the time, or in this case AT&T --

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of : DOCKET NO. 960786-TL  
:  
Consideration of BellSouth :  
Telecommunications, Inc.'s :  
Entry into interLATA services :  
pursuant to Section 271 of the :  
Federal Telecommunications :  
Act of 1996. :  
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THIRD DAY - MORNING SESSION

VOLUME 11

Pages 1207 through 1303

PROCEEDINGS: HEARING

BEFORE: CHAIRMAN JULIA L. JOHNSON  
COMMISSIONER J. TERRY DEASON  
COMMISSIONER SUSAN F. CLARK  
COMMISSIONER DIANE K. KIESLING  
COMMISSIONER JOE GARCIA

DATE: Thursday, September 4, 1997

TIME: Commenced at 9:20 a.m.

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: JOY KELLY, CSR, RPR  
Chief, Bureau of Reporting  
H. RUTHE POTAMI, CSR, RPR  
Official Commission Reporters

APPEARANCES:

(As heretofore noted.)

1337

1           A     Yes.

2           Q     At this point is it fair to say that BellSouth  
3 has not completed the specifications for using CGI in  
4 conjunction with LENS and has done no development of an  
5 actual CGI -- the portion of the CGI that needs to be done  
6 on BellSouth's side of the interface?

7           A     While I would agree that it's true that BellSouth  
8 does not have a completed specification, and it's also true  
9 that we haven't done any of the development work, with the  
10 specification that we have, there is a, more than a good  
11 starting point of what needs to be done. The existing  
12 specification would have to be updated as it is now a few  
13 months out of date.

14          Q     So whenever you say that an ALEC could design a  
15 front-end system to integrate LENS and EDI, a prerequisite  
16 to that is for BellSouth to complete the CGI specification  
17 and for BellSouth to complete some CGI work on its side of  
18 the interface; is that correct?

19          A     No, I don't agree that it's a prerequisite.  
20 There is enough information available as a starting point  
21 that the work could proceed in parallel.

22          Q     The work of a CLEC to turn up for commercial use  
23 a system that -- a front-end system that integrates LENS  
24 and EDI cannot be completed without further work by  
25 BellSouth; is that correct?



WNS-4

DISTRIBUTION LIST

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TO: Jimmy L. Patrick /AL,BRHM02  
Martha J. Romano /AL,BRHM08

TEXT

Subject: Appreciation for the training session  
Creator: witbroda /Internet,Mime (witbroda@lci.com)

Dated: 7/24/97 at 11:20  
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To all involved in the training program;

Thank you all for your attention in attending the 7/22/97 training session. I appreciated the candor and willingness to discuss the IG and application. As there are several opportunities to improve this process at our end, I am grateful for the information that you provided.

The concerns that we shared in regards to production environment and future training enhancements can be resolved. It is a matter of cooperation and willingness to work out the details. I am glad that everyone who is working on the LCI system test had an opportunity to see the application. It will be much easier to communicate if we can share a perspective or an environment.

I am looking forward to working with you during the upcoming EDI certification system test.

Al Witbrodt

Please pass this on to Bob Harris. He did well under difficult circumstances.

WNS-5



DEWOLFF, BOBERG & ASSOCIATES, INC.

*Resources to management for improving performance*

P.O. Box 21989 • Charleston, South Carolina 29413-1989 • 1-(800)-800-6030

Krista Tillman  
Operations Vice President  
BellSouth, Interconnection Services  
675 West Peachtree Street  
Atlanta, GA 30375

September 15, 1997

Re: BellSouth Telecommunications, Inc. LCSC Project

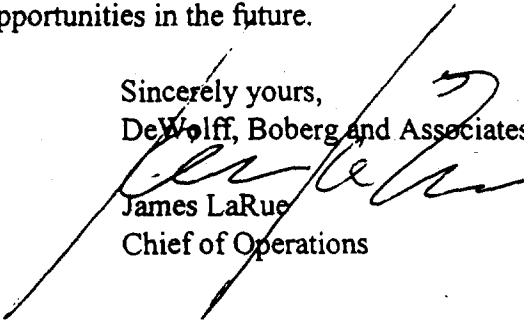
Dear Ms. Tillman:

We concluded the project on August 15, 1997. Through the joint efforts of BellSouth and DeWolff, Boberg and Associates, objectives of the project were met and, indeed, the expected results were exceeded. Our objective was to assist your organization in accelerating the Operational Readiness of the LCSC centers in Atlanta, Georgia and Birmingham, Alabama. During our Analysis in March, four deliverables were identified as key areas of development focus:

- Detailed process flows that are validated, tested and measured.
- Improved training process that delivers qualified candidates.
- Define Key Performance Indicators.
- Enhance and install Management Operating System to effectively manage the Key Performance Indicators.

With Eddie English, Senior Director, Bill Bolt, AVP, and their staffs, these deliverables have been developed and installed. The centers are operational and ready to handle your customer's request for service. The result of the installations made were measured and compared to the analysis period. Tangible improvements have been attained in Service, Productivity and Quality. For example the numbers of LSRs processed within forty-eight hours improved 79%, processing time was reduced by 45%, and overall productivity increased 160%. Other measurements such as first time quality were installed and they will serve as benchmarks for a continued improvement process.

We have enjoyed working with your organization in this successful project, and we are ready to assist you with any other opportunities in the future.

Sincerely yours,  
DeWolff, Boberg and Associates  
  
James LaRue  
Chief of Operations

WNS-6

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STACY OSS AFFIDAVIT

EXHIBIT WNS-6  
BELLSOUTH ORDERING GUIDE FOR CLEC

# BUSINESS PROCEDURES

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## GENERAL INFORMATION

### Purpose

This section relates to start-up processes for local telecommunication providers in the BellSouth serving area. The information includes: items required by BellSouth prior to processing service requests from a CLEC; BellSouth services relating to databases and billing processes; special options available to the CLEC and/or CLEC end users; and services provided by BellSouth Advertising and Publishing Corp. (BAPCO).

This document provides detailed information applicable in the nine states served by BellSouth. The information is generally applicable in all states, however, due to individual state requirements, including specific Public Service Commission rules and decisions, aspects of the handbook may not apply or may apply differently in an individual state. It is recommended that the CLEC contact BellSouth personnel to confirm the applicability in a particular state, if a question arises.

### Key Acronyms

LCSC - BellSouth's Local Carrier Service Center

CLEC - Competitive Local Exchange Carrier/Company

BAPCO - BellSouth Advertising and Publishing Corporation